

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2347

Introduced by Assembly Member Achadjian

February 24, 2012

An act to amend Section ~~38562~~ 38505 of the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 2347, as amended, Achadjian. California Global Warming Solutions Act of 2006: emission reduction measures.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions. *The act, requires the state board, when adopting those regulations to, among other things, minimize leakage and defines leakage to mean a reduction in emissions of greenhouse gases within the state that is offset by an increase in emissions of greenhouse gases outside the state.*

This bill would ~~make a technical, nonsubstantive change to that provision~~ additionally define leakage to mean a shift in jobs from within the state to locations outside of the state.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 38505 of the Health and Safety Code is
2 amended to read:

3 38505. For the purposes of this division, the following terms
4 have the following meanings:

5 (a) “Allowance” means an authorization to emit, during a
6 specified year, up to one ton of carbon dioxide equivalent.

7 (b) “Alternative compliance mechanism” means an action
8 undertaken by a greenhouse gas emission source that achieves the
9 equivalent reduction of greenhouse gas emissions over the same
10 time period as a direct emission reduction, and that is approved
11 by the state board. “Alternative compliance mechanism” includes,
12 but is not limited to, a flexible compliance schedule, alternative
13 control technology, a process change, or a product substitution.

14 (c) “Carbon dioxide equivalent” means the amount of carbon
15 dioxide by weight that would produce the same global warming
16 impact as a given weight of another greenhouse gas, based on the
17 best available science, including from the Intergovernmental Panel
18 on Climate Change.

19 (d) “Cost-effective” or “cost-effectiveness” means the cost per
20 unit of reduced emissions of greenhouse gases adjusted for its
21 global warming potential.

22 (e) “Direct emission reduction” means a greenhouse gas
23 emission reduction action made by a greenhouse gas emission
24 source at that source.

25 (f) “Emissions reduction measure” means programs, measures,
26 standards, and alternative compliance mechanisms authorized
27 pursuant to this division, applicable to sources or categories of
28 sources, that are designed to reduce emissions of greenhouse gases.

29 (g) “Greenhouse gas” or “greenhouse gases” includes all of the
30 following gases:

- 31 (1) Carbon dioxide.
- 32 (2) Methane.
- 33 (3) Nitrous oxide.
- 34 (4) Hydrofluorocarbons.
- 35 (5) Perfluorocarbons.
- 36 (6) Sulfur hexafluoride.
- 37 (7) Nitrogen trifluoride.

1 (h) “Greenhouse gas emissions limit” means an authorization,
2 during a specified year, to emit up to a level of greenhouse gases
3 specified by the state board, expressed in tons of carbon dioxide
4 equivalents.

5 (i) “Greenhouse gas emission source” or “source” means any
6 source, or category of sources, of greenhouse gas emissions whose
7 emissions are at a level of significance, as determined by the state
8 board, that its participation in the program established under this
9 division will enable the state board to effectively reduce greenhouse
10 gas emissions and monitor compliance with the statewide
11 greenhouse gas emissions limit.

12 (j) “Leakage” means ~~a~~ *all of the following*:

13 (1) A reduction in emissions of greenhouse gases within the
14 state that is offset by an increase in emissions of greenhouse gases
15 outside the state.

16 (2) *A shift in jobs from within the state to locations outside of*
17 *the state.*

18 (k) “Market-based compliance mechanism” means either of the
19 following:

20 (1) A system of market-based declining annual aggregate
21 emissions limitations for sources or categories of sources that emit
22 greenhouse gases.

23 (2) Greenhouse gas emissions exchanges, banking, credits, and
24 other transactions, governed by rules and protocols established by
25 the state board, that result in the same greenhouse gas ~~emission~~
26 *emissions* reduction, over the same time period, as direct
27 compliance with a greenhouse gas ~~emission~~ *emissions* limit or
28 ~~emission~~ *emissions* reduction measure adopted by the state board
29 pursuant to this division.

30 (l) “State board” means the State Air Resources Board.

31 (m) “Statewide greenhouse gas emissions” means the total
32 annual emissions of greenhouse gases in the state, including all
33 emissions of greenhouse gases from the generation of electricity
34 delivered to and consumed in California, accounting for
35 transmission and distribution line losses, whether the electricity
36 is generated in state or imported. Statewide emissions shall be
37 expressed in tons of carbon dioxide equivalents.

38 (n) “Statewide greenhouse gas emissions limit” or “statewide
39 emissions limit” means the maximum allowable level of statewide

1 greenhouse gas emissions in 2020, as determined by the state board
2 pursuant to Part 3 (commencing with Section 38550).

3 ~~SECTION 1. Section 38562 of the Health and Safety Code is~~
4 ~~amended to read:~~

5 ~~38562. (a) On or before January 1, 2011, the state board shall~~
6 ~~adopt greenhouse gas emission limits and emission reduction~~
7 ~~measures by regulation to achieve the maximum technologically~~
8 ~~feasible and cost-effective reductions in greenhouse gas emissions~~
9 ~~in furtherance of achieving the statewide greenhouse gas emissions~~
10 ~~limit, to become operative beginning January 1, 2012.~~

11 ~~(b) In adopting regulations pursuant to this section and Part 5~~
12 ~~(commencing with Section 38570), to the extent feasible and in~~
13 ~~furtherance of achieving the statewide greenhouse gas emissions~~
14 ~~limit, the state board shall do all of the following:~~

15 ~~(1) Design the regulations, including distribution of emissions~~
16 ~~allowances where appropriate, in a manner that is equitable, seeks~~
17 ~~to minimize costs and maximize the total benefits to California,~~
18 ~~and encourages early action to reduce greenhouse gas emissions.~~

19 ~~(2) Ensure that activities undertaken to comply with the~~
20 ~~regulations do not disproportionately impact low-income~~
21 ~~communities.~~

22 ~~(3) Ensure that entities that have voluntarily reduced their~~
23 ~~greenhouse gas emissions prior to the implementation of this~~
24 ~~section receive appropriate credit for early voluntary reductions.~~

25 ~~(4) Ensure that activities undertaken pursuant to the regulations~~
26 ~~complement, and do not interfere with, efforts to achieve and~~
27 ~~maintain federal and state ambient air quality standards and to~~
28 ~~reduce toxic air contaminant emissions.~~

29 ~~(5) Consider cost-effectiveness of these regulations.~~

30 ~~(6) Consider overall societal benefits, including reductions in~~
31 ~~other air pollutants, diversification of energy sources, and other~~
32 ~~benefits to the economy, environment, and public health.~~

33 ~~(7) Minimize the administrative burden of implementing and~~
34 ~~complying with these regulations.~~

35 ~~(8) Minimize leakage.~~

36 ~~(9) Consider the significance of the contribution of each source~~
37 ~~or category of sources to statewide emissions of greenhouse gases.~~

38 ~~(c) In furtherance of achieving the statewide greenhouse gas~~
39 ~~emissions limit, by January 1, 2011, the state board may adopt a~~
40 ~~regulation that establishes a system of market-based declining~~

1 ~~annual aggregate emission limits for sources or categories of~~
2 ~~sources that emit greenhouse gas emissions, applicable from~~
3 ~~January 1, 2012, to December 31, 2020, inclusive, that the state~~
4 ~~board determines will achieve the maximum technologically~~
5 ~~feasible and cost-effective reductions in greenhouse gas emissions,~~
6 ~~in the aggregate, from those sources or categories of sources.~~

7 ~~(d) Any regulation adopted by the state board pursuant to this~~
8 ~~part or Part 5 (commencing with Section 38570) shall ensure all~~
9 ~~of the following:~~

10 ~~(1) The greenhouse gas emission reductions achieved are real,~~
11 ~~permanent, quantifiable, verifiable, and enforceable by the state~~
12 ~~board.~~

13 ~~(2) For regulations pursuant to Part 5 (commencing with Section~~
14 ~~38570), the reduction is in addition to any greenhouse gas emission~~
15 ~~reduction otherwise required by law or regulation, and any other~~
16 ~~greenhouse gas emission reduction that otherwise would occur.~~

17 ~~(3) If applicable, the greenhouse gas emission reduction occurs~~
18 ~~over the same time period and is equivalent in amount to any direct~~
19 ~~emission reduction required pursuant to this division.~~

20 ~~(e) The state board shall rely upon the best available economic~~
21 ~~and scientific information and its assessment of existing and~~
22 ~~projected technological capabilities when adopting the regulations~~
23 ~~required by this section.~~

24 ~~(f) The state board shall consult with the Public Utilities~~
25 ~~Commission in the development of the regulations as they affect~~
26 ~~electricity and natural gas providers in order to minimize~~
27 ~~duplicate or inconsistent regulatory requirements.~~

28 ~~(g) After January 1, 2011, the state board may revise regulations~~
29 ~~adopted pursuant to this section and adopt additional regulations~~
30 ~~to further the provisions of this division.~~